

DBEDT
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STATE OF HAWAII



QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary 2nd Quarter 2006

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STATE OF THE ECONOMY

Several indicators of Hawaii's economy in the first quarter provide support for a solid growth in 2006. Strong employment and job growth in the quarter means strong growth in income and tax revenues. Unemployment rate has been the lowest since 1990. Although visitor arrivals were slightly down during the first quarter, the latest arrival data suggest a healthy growth in the visitor industry for the year. Gains in construction jobs and continuing growth in permit levels mean a robust construction sector.

Hawaii's total civilian labor force continued to increase reaching 645,400 people in the first quarter of 2006, which is 3.2 percent or 20,100 people more compared to the first quarter of 2005. During the first quarter of 2006, 630,400 people were employed in Hawaii, an increase of 22,300 people or 3.7 percent higher than that in the first quarter of 2005. The number of civilian unemployed totaled 14,950 in the first quarter of 2006, down 13.1 percent from the first quarter of 2005. Unemployment rate (not seasonally adjusted) averaged 2.3 percent compared to the 2.7 percent rate in the first quarter of 2006, the lowest since the fourth quarter of 1990. In March 2006, at 2.5 percent, Hawaii had the lowest unemployment rate in the nation – the 23rd consecutive month it has been so.

Hawaii's total civilian wage and salary jobs grew 3.3 percent to 618,950 in the first quarter of 2006, a gain of 19,950 jobs over the first quarter of 2005. All private non-agricultural sectors contributed to job growth, most notably Natural Resources, Construction & Mining, Professional and Business Services, and Transportation and Utilities.

Total personal income, not adjusted for inflation, rose \$2.4 billion or 5.6 percent in the fourth quarter of 2005 compared to the fourth quarter of 2004. Among its components, the greatest growth for the quarter was seen in Proprietors' Income (11.7 percent), followed by Supplements to Wages and Salaries (8.5 percent), Personal Current Transfer Receipts (5.9 percent), and Wage and Salary Disbursements (5.5 percent). Contributions for Government Social Insurance, subtracted from personal income, also increased 5.5 percent. Compared to that in 2004, total personal income was up 7.0 percent in 2005.

Total tax collections distributed to the State general fund totaled more than \$1.1 billion in the first quarter of 2006. This is a 4.9 percent increase over the first quarter of 2005. Among the different components of the State general fund, revenues from general excise and use tax (GET), transient accommodations tax (TAT), and net individual income tax were up 10.1 percent, 9.4 percent, and 5.1 percent, respectively, while revenues from net corporate income tax were down 89 percent.

After positive growth for 10 quarters in a row, the total number of visitors arriving by air to Hawaii was down in the first quarter of 2006 as compared to the first quarter of 2005. This quarterly drop in arrivals resulted from a 2.7 percent decrease in international arrivals and slower growth in domestic travel, mainly due to the shift in Easter from March to April in 2006. In the first quarter of 2006, the average daily visitor census was up 0.2 percent, while the statewide hotel occupancy rate was slightly down compared to the first quarter of 2005.

Indicators of Hawaii's construction industry in the first quarter of 2006 suggest the continuation of upbeat building activity for 2006 and 2007. In the first quarter of 2006, Natural Resources, Mining and Construction sector added 4,050 or 13.0 percent more wage and salary jobs as compared to the first quarter of 2005. Total value of private building authorizations increased 9.6 percent for the first quarter of 2006 over that of 2005. In the first quarter of 2006, Honolulu's median sales price for single family resales was up 18.1 percent to \$625,000 and the condominium median price was up 34.9 percent to \$309,000 from the first quarter of 2005. However, the number of single-family resales was down 3.4 percent and that of condominium resales were down 4.8 percent.

The total number of bankruptcy filings more than doubled in fourth quarter 2005 compared to the fourth quarter of 2004. This was the third quarterly increase in a row in Hawaii bankruptcy filings after the thirteen quarters of decreases. A rise in Chapter 7 filings, perhaps in response to anticipation of the stiffening of the bankruptcy law, contributed most to the quarterly increase. For the year, total bankruptcy filings were up 44 percent from 2004.

**Table 1. 2006 QUARTERLY ECONOMIC INDICATORS:
STATE OF HAWAII**

SERIES	UNIT	1st QUARTER 2006		2005	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	645,400	3.2	634,600	2.5
Civilian employed	Persons	630,400	3.7	616,850	3.0
Civilian unemployed	Persons	14,950	-13.1	17,750	-12.3
Unemployment rate 1/ 2/	%	2.3	-0.4	2.8	-0.5
Total wage and salary jobs	Jobs	618,950	3.3	608,900	3.1
Total non-agriculture wage and salary jobs	Jobs	612,600	3.5	602,050	3.2
Nat. Resources, Mining, Constr.	Jobs	35,250	13.0	33,450	13.6
Manufacturing	Jobs	15,250	0.3	15,200	-1.3
Wholesale Trade	Jobs	17,950	4.1	17,650	3.5
Retail Trade	Jobs	71,000	4.0	69,350	3.6
Transp., Warehousing, Util.	Jobs	32,550	10.3	31,000	9.7
Information	Jobs	11,050	5.2	10,750	-0.5
Financial Activities	Jobs	29,700	2.9	29,300	1.7
Professional & Business Services	Jobs	75,800	4.6	74,000	4.6
Educational Services	Jobs	13,900	3.0	13,650	5.0
Health Care & Social Assistance	Jobs	57,050	2.1	56,400	3.2
Arts, Entertainment & Recreation	Jobs	11,650	3.6	11,650	2.2
Accommodation	Jobs	39,350	2.3	38,800	2.6
Food Services & Drinking Places	Jobs	56,650	2.7	56,050	2.7
Other Services	Jobs	25,300	2.8	25,150	2.9
Government	Jobs	120,150	0.3	119,650	-0.3
Federal	Jobs	31,450	1.1	31,300	-0.5
State	Jobs	71,500	-0.4	71,150	-0.5
Local	Jobs	17,250	2.1	17,200	0.6
Agriculture wage and salary jobs	Jobs	6,300	-11.3	6,850	-6.2
State general fund revenues	\$1,000	1,106,472	4.9	4,252,231	16.4
General excise and use tax revenues	\$1,000	638,194	10.1	2,263,393	13.7
Income-individual	\$1,000	355,719	5.1	1,447,744	17.2
Declaration estimated taxes	\$1,000	96,491	14.2	357,131	34.8
Payment with returns	\$1,000	26,978	51.0	167,341	22.6
Withholding tax on wages	\$1,000	315,340	-9.8	1,248,622	9.2
Refunds	\$1,000	83,091	-26.6	325,350	5.4
Transient accommodations tax	\$1,000	59,698	9.4	207,381	9.2
Visitors Days	Days	17,219,773	0.2	66,824,114	6.5
Domestic visitor days	Days	13,206,297	0.6	52,134,002	7.6
International visitor days	Days	4,013,476	-1.3	14,690,112	2.6
Visitor arrivals by air	Persons	1,802,097	-0.5	7,353,158	6.4
Domestic flight visitors	Persons	1,275,237	0.5	5,255,098	7.4
International flight visitors	Persons	526,860	-2.7	2,098,060	3.9
Hotel occupancy rates 2/	%	83.2	-0.4	81.2	3.5

1/ Labor force and jobs are Hawaii DLIR monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation;
Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.

This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Labor, Income and Prices, Taxes, Tourism, Construction, and other indicators, as well as an overview of the State of Hawaii and the four counties.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before May 17, 2006.

On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available via the Internet at <http://www.hawaii.gov/dbedt/>.

Printing of the *QSER* was discontinued in March 2000. The full version and a *QSER Executive Summary* will be available on-line at http://www.hawaii.gov/dbedt/info/economic/data_reports/qser/.

For further information about available data and sources, users should call the Research and Economic Analysis Division Library at (808) 586-2424.

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OUTLOOK FOR THE ECONOMY

As compared to the three consecutive years of higher growth than the national economy, the current DBEDT forecast for Hawaii's economy expects to see real (inflation-adjusted) GSP growth to be somewhat moderate at 3.0 percent in 2006. DBEDT forecasts are based on the latest trends of growth for Hawaii's economy, as well as those for the U.S. and Japanese economies, the two economies influencing Hawaii the most.

Combined with the continuing boom in construction and related activities, a strong visitor sector and increased federal government spending, the economy is positioned for healthy employment and income growth in 2006.

The May 2006 *Blue Chip Economic Consensus Forecasts* expects the economic growth for both U.S. and Japanese economies to remain strong, at least for this year and the next. Real GDP growth in 2006 is projected to be 3.4 percent for the U.S. and 3.0 percent for Japan. In 2007, GDP growth is expected to be 3.0 percent for the U.S. and 2.2 percent for Japan. The U.S. CPI is now expected to rise 3.1 percent in 2006 and 2.5 percent in 2007.

Based on current conditions, visitor days in 2006 are expected to increase 3.3 percent, 0.2 of a percentage point higher than in the previous forecast. Total nominal (current dollar) visitor expenditures are now forecast to increase 4.7 percent and visitor arrivals 2.8 percent in 2006. In 2007, visitor days, visitor arrivals, and visitor expenditures are predicted to increase 2.6 percent, 2.7 percent, and 5.2 percent, respectively, followed by moderate increases in later years.

Several other indicators also provide support for healthy growth for Hawaii for the year. The most notable may be the level of private building permit authorizations. Private permit levels totaled \$774 million during the first quarter of 2006, following the nearly \$3.5 billion worth of permit levels seen in 2005.

The large number of permits should mean a robust construction sector for 2006 and 2007. However, with rising interest rates and a decline in demand for housing in recent months, private construction activity is expected to slow in the next few years.

The U.S. Bureau of Economic Analysis's (BEA) estimate of Hawaii's nominal personal income increased 7.0 percent in 2005, following a big 8.0 percent increase in 2004. Given strong total wage and salary job growth of 3.3 percent in the first quarter of 2006, nominal personal income is expected to rise 6.8 percent in 2006. For 2007, we project a slightly lower 6.2 percent growth rate. Real personal income is now expected to grow 2.9 percent this year, 0.3 of a percentage point lower than predicted in the previous forecast. This downward revision in the forecast of real income growth partly reflects an upward revision in the forecast of Honolulu CPI. The real personal income growth is expected to be 2.8 percent for 2007.

The very strong job growth in the first quarter contributed to an upward revision in the 2006 DBEDT forecast for total wage and salary job growth to 2.2 percent from 1.8 percent in the previous QSER forecast. Job growth is projected to gradually moderate to 1.5 percent in 2007 and to 1.2 percent in later years. At 2.5 percent, Hawaii had the lowest unemployment rate in the nation in March 2006, according to the U.S. Bureau of Labor Statistics. In the first quarter of 2006, Hawaii's unemployment rate (not seasonally adjusted) averaged 2.3 percent, following the average annual rate of 2.8 percent in 2005.

Hawaii's projected inflation rate for 2006 is now revised up to 3.8 percent in 2006 from 3.5 percent in the previous forecast. The upward revision reflects the recent rises in oil prices and their impacts on goods sold in Hawaii, as well as increases in housing costs. The rate of inflation is expected to be 3.3 percent in 2007.

**ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII:
2004 TO 2009**

Economic Indicators	2004	2005	2006	2007	2008	2009
	(Actual)		(Forecast)			
Total population (thousands)	1,262	1,275	1,289	1,303	1,317	1,330
Visitor arrivals (thousands)	6,992	7,433 1/	7,642	7,848	8,035	8,230
Visitor days (thousands)	63,343	67,549 1/	69,775	71,583	73,246	74,991
Visitor expenditures (million dollars)	10,862	11,808 1/	12,367	13,016	13,673	14,348
Honolulu CPI-U (1982-84=100)	190.6	197.8	205.3	212.1	218.4	224.2
Personal income (million dollars)	41,177	44,044	47,039	49,955	52,703	55,496
Real personal income (millions of 2000\$)	38,087	39,257	40,391	41,521	42,547	43,646
Total wage & salary jobs (thousands)	590.7	608.9	622.3	631.6	639.2	646.9
Gross state product (million dollars)	50,322	53,593 2/	56,809	59,819	62,870	66,014
Real gross state product (millions of 2000\$)	44,976 3/	46,414 2/	47,812	49,070	50,266	51,492
Gross state product deflator (2000=100)	111.9 3/	115.5 2/	118.8	121.9	125.1	128.2
Annual Percentage Change						
Total population	1.1	1.0	1.1	1.1	1.1	1.0
Visitor arrivals	8.5	6.3 1/	2.8	2.7	2.4	2.4
Visitor days	6.9	6.6 1/	3.3	2.6	2.3	2.4
Visitor expenditures	8.0	8.7 1/	4.7	5.2	5.0	4.9
Honolulu CPI-U	3.3	3.8	3.8	3.3	3.0	2.6
Personal income	8.0	7.0	6.8	6.2	5.5	5.3
Real personal income	4.6	3.1	2.9	2.8	2.5	2.6
Total wage & salary jobs	2.8	3.1	2.2	1.5	1.2	1.2
Gross state product	7.8	6.5 2/	6.0	5.3	5.1	5.0
Real gross state product	4.7 3/	3.2 2/	3.0	2.6	2.4	2.4
Gross state product deflator	3.0 3/	3.2 2/	2.9	2.6	2.6	2.5

1/ Preliminary.

2/ Forecast.

3/ DBEDT-adjusted U.S. Bureau of Economic Analysis accelerated estimate.

Source: Hawaii State Department of Business, Economic Development & Tourism, May 17, 2006.

COUNTY ECONOMIC CONDITIONS

Each of four Hawaii counties continued to show positive labor force and employment growth during the first quarter of 2006 as compared to the first quarter of 2005. Except for Hawaii County, the 2006 first quarter employment and labor force growth were higher than the annual growth in 2005. Kauai County had the highest growth in both employment and labor force, followed by Honolulu, Hawaii and Maui. The quarterly unemployment rate was well below 3.0 percent and lower than the 2005 annual rate in all counties (Tables 2 through 5).

The counties showed different patterns with respect to tax collections during the first quarter of 2006. For example, Hawaii and Honolulu counties showed two-digit positive growth, while Kauai and Maui counties showed a negative growth in both excise & use tax and transient accommodation tax collections. The Neighbor Island counties showed much higher growth in individual income tax collections than the City & County of Honolulu.

All counties seemed to have added jobs in the first quarter of 2006.¹ In the first quarter of 2006, the City & County of Honolulu added more than 15,250 wage and salary jobs or 3.5 percent over first quarter 2005. The largest increases occurred in Natural Resources, Mining and Construction (2,970 jobs or 13.7 percent), followed by Professional and Business Services (2,800 jobs or 4.8 percent), Transportation, Warehousing, and Utilities (2,730 jobs or 12.5 percent), and Retail Trade (2,270 jobs or 4.9 percent). Honolulu lost 300 or 13.6 percent of its agricultural wage and salary jobs between the first quarter of 2005 and that of 2006.

¹ As of January 2006, the Hawaii Department of Labor and Industrial Relations will no longer publish monthly job data for the Neighbor Island counties precluding the analysis of job growth for each county separately and DBEDT calculating quarterly averages.

In the first quarter of 2006, the three Neighbor Island counties together added a total of 4,670 jobs, a 2.9 percent increase from the first quarter of 2005. As in Honolulu, the Natural Resources, Mining and Construction added most jobs (1,070 jobs or 11.2 percent) on Neighbor Islands. Other notable private sectors adding jobs in those counties included Food Services (680 jobs or 4.2 percent), Professional and Business Services (530 jobs or 3.8 percent), Accommodations (520 jobs or 2.3 percent), and retail trade (450 jobs or 2.0 percent). Agriculture lost 500 or more than 10 percent of its wage and salary jobs, while government added 450 jobs or 1.9 percent.

Both total visitor arrivals by air and visitor days showed increases in the first quarter of 2006 in all three Neighbor Island counties, while visitor arrivals were down in the City & County of Honolulu compared to the first quarter of 2005. International arrivals led both the growth on Neighbor Islands and the decline in Honolulu. Domestic arrivals were down in Hawaii and Honolulu counties and up in Maui and Kauai counties. Hotel occupancy rates were unchanged in Honolulu, slightly up in Hawaii County, and down in Maui and Kauai counties. Except for Kauai, all counties had higher occupancy rates in the first quarter of 2006 than the average annual rate for 2005 (Tables 2 through 5).

Counties showed a mixed performance in terms of the permit activity in the first quarter of 2006. Construction activity continued to remain strong in Maui and Hawaii counties, with the total value of building authorizations increasing 67 percent and 54 percent, respectively from the first quarter of 2005. Honolulu's value of total private authorizations was down 1.6 percent and that of Kauai was down 71 percent in the first quarter of 2006. (Table E-8).

**Table 2. 2006 QUARTERLY ECONOMIC INDICATORS:
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	1st QUARTER 2006		2005	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	453,250	3.4	445,150	2.6
Civilian employed	Persons	443,050	3.9	432,950	3.1
Civilian unemployed	Persons	10,200	-13.9	12,200	-11.9
Unemployment rate 2/	%	2.3	-0.4	2.7	-0.5
Total wage and salary jobs	Jobs	453,150	3.5	445,250	3.1
Total non-agriculture wage and salary jobs	Jobs	451,250	3.6	443,250	3.2
Nat. Resources, Mining, Constr.	Jobs	24,650	13.6	23,350	13.6
Manufacturing	Jobs	11,900	0.8	11,850	-0.8
Wholesale Trade	Jobs	14,450	4.0	14,200	2.9
Retail Trade	Jobs	48,300	4.9	46,900	4.1
Transp., Warehousing, Util.	Jobs	24,600	12.6	23,300	12.8
Information	Jobs	9,200	5.7	8,900	-1.1
Financial Activities	Jobs	22,800	2.7	22,500	1.6
Professional & Business Services	Jobs	61,250	4.8	59,700	4.0
Educational Services	Jobs	11,800	2.6	11,600	5.0
Health Care & Social Assistance	Jobs	44,250	1.7	43,900	2.9
Arts, Entertainment & Recreation	Jobs	7,000	4.5	7,000	2.9
Accommodation	Jobs	16,200	2.5	15,900	2.9
Food Services & Drinking Places	Jobs	39,800	2.2	39,450	2.9
Other Services	Jobs	19,700	3.1	19,550	2.4
Government	Jobs	95,400	-0.1	95,150	-0.6
Federal	Jobs	28,950	1.0	28,800	-0.7
State	Jobs	55,000	-0.8	54,900	-0.5
Local	Jobs	11,400	0.0	11,450	-0.4
Agriculture wage and salary jobs	Jobs	1,900	-13.6	2,000	-9.1
General excise and use tax revenues	\$1,000	545,472	11.7	1,907,358	17.4
Income-individual	\$1,000	311,949	1.4	1,244,524	15.0
Declaration estimated taxes	\$1,000	75,412	11.3	281,709	50.0
Payment with returns	\$1,000	21,385	47.5	129,757	-3.1
Withholding tax on wages	\$1,000	274,804	-10.9	1,089,576	8.9
Refunds	\$1,000	-59,652	-28.2	256,518	6.6
Transient accommodations tax	\$1,000	43,590	15.1	150,661	17.5
Visitors Days	Days	7,868,125	-3.4	32,533,216	6.2
Domestic visitor days	Days	5,059,269	-1.2	21,173,009	7.3
International visitor days	Days	2,808,856	-7.3	11,360,207	4.1
Visitor arrivals by air	Persons	1,108,392	-3.5	4,731,451	6.0
Domestic flight visitors	Persons	651,046	-1.1	2,789,016	6.8
International flight visitors	Persons	457,346	-6.7	1,942,435	4.9
Hotel occupancy rates 2/	%	86	0.0	85.6	5.9

1/ Labor force and jobs are Hawaii DLIR monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation;
Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.

Table 3. 2006 QUARTERLY ECONOMIC INDICATORS: HAWAII COUNTY

SERIES	UNIT	1st QUARTER 2006		2005	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	82,450	2.5	81,450	2.6
Civilian employed	Persons	80,250	3.1	78,750	3.2
Civilian unemployed	Persons	2,250	-11.8	2,650	-13.1
Unemployment rate 2/	%	2.7	-0.5	3.3	-0.6
Total wage and salary jobs	Jobs	(2/)	(2/)	64,500	3.4
Total non-agriculture wage and salary jobs	Jobs	(2/)	(2/)	62,050	3.9
Nat. Resources, Mining, Constr.	Jobs	(2/)	(2/)	4,850	9.0
Manufacturing	Jobs	(2/)	(2/)	1,450	0.0
Wholesale Trade	Jobs	(2/)	(2/)	1,650	6.5
Retail Trade	Jobs	(2/)	(2/)	8,900	3.5
Transp., Warehousing, Util.	Jobs	(2/)	(2/)	2,850	1.8
Information	Jobs	(2/)	(2/)	650	8.3
Financial Activities	Jobs	(2/)	(2/)	2,600	4.0
Professional & Business Services	Jobs	(2/)	(2/)	4,750	5.6
Educational Services	Jobs	(2/)	(2/)	950	11.8
Health Care & Social Assistance	Jobs	(2/)	(2/)	5,850	3.5
Arts, Entertainment & Recreation	Jobs	(2/)	(2/)	1,550	0.0
Accommodation	Jobs	(2/)	(2/)	7,100	4.4
Food Services & Drinking Places	Jobs	(2/)	(2/)	5,250	2.9
Other Services	Jobs	(2/)	(2/)	2,000	8.1
Government	Jobs	(2/)	(2/)	11,600	1.3
Federal	Jobs	(2/)	(2/)	1,250	4.2
State	Jobs	(2/)	(2/)	8,000	0.6
Local	Jobs	(2/)	(2/)	2,350	2.2
Agriculture wage and salary jobs	Jobs	(2/)	(2/)	2,450	-9.3
General excise and use tax revenues	\$1,000	37,038	21.7	125,260	-10.9
Income-individual	\$1,000	17,452	37.3	83,528	28.5
Declaration estimated taxes	\$1,000	8,997	19.7	33,701	27.1
Payment with returns	\$1,000	2,446	74.3	15,602	278.5
Withholding tax on wages	\$1,000	16,092	2.7	60,006	2.9
Refunds	\$1,000	-10,083	-15.1	-25,780	7.8
Transient accommodations tax	\$1,000	5,900	48.7	15,840	10.0
Visitors days by air	Days	2,707,549	1.6	9,761,409	14.1
Domestic visitor days	Days	2,268,329	-0.4	8,365,712	15.9
International visitor days	Days	439,220	13.8	1,395,697	4.6
Visitor arrivals by air	Persons	390,849	4.1	1,483,860	15.8
Domestic flight visitors	Persons	296,452	2.5	1,151,219	17.1
International flight visitors	Persons	94,397	9.7	332,641	11.5
Hotel occupancy rates 3/	%	79.4	0.8	72.2	2.2

1/ Labor force and jobs are Hawaii DLIR monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Beginning in 2006, jobs data for Hawaii, Kauai, Maui counties and islands will no longer be available.

3/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation;
Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.

Table 4. 2006 QUARTERLY ECONOMIC INDICATORS: MAUI COUNTY

SERIES	UNIT	1st QUARTER 2006		2005	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	76,650	2.5	75,700	1.8
Civilian employed	Persons	74,900	2.7	73,750	2.4
Civilian unemployed	Persons	1,750	-5.4	2,000	-13.0
Unemployment rate 2/	%	2.3	-0.2	2.6	-0.5
Total wage and salary jobs	Jobs	(2/)	(2/)	69,550	2.9
Total non-agriculture wage and salary jobs	Jobs	(2/)	(2/)	67,950	3.1
Nat. Resources, Mining, Constr.	Jobs	(2/)	(2/)	3,800	22.6
Manufacturing	Jobs	(2/)	(2/)	1,500	-6.3
Wholesale Trade	Jobs	(2/)	(2/)	1,300	8.3
Retail Trade	Jobs	(2/)	(2/)	9,500	2.2
Transp., Warehousing, Util.	Jobs	(2/)	(2/)	3,300	1.5
Information	Jobs	(2/)	(2/)	900	0.0
Financial Activities	Jobs	(2/)	(2/)	3,000	1.7
Professional & Business Services	Jobs	(2/)	(2/)	6,050	6.1
Educational Services	Jobs	(2/)	(2/)	950	0.0
Health Care & Social Assistance	Jobs	(2/)	(2/)	4,450	6.0
Arts, Entertainment & Recreation	Jobs	(2/)	(2/)	2,050	0.0
Accommodation	Jobs	(2/)	(2/)	11,700	1.3
Food Services & Drinking Places	Jobs	(2/)	(2/)	7,900	1.9
Other Services	Jobs	(2/)	(2/)	2,800	1.8
Government	Jobs	(2/)	(2/)	8,750	1.2
Federal	Jobs	(2/)	(2/)	750	0.0
State	Jobs	(2/)	(2/)	5,700	0.0
Local	Jobs	(2/)	(2/)	2,300	4.5
Agriculture wage and salary jobs	Jobs	(2/)	(2/)	1,600	-5.9
General excise and use tax revenues	\$1,000	40,323	-1.2	163,755	-1.8
Income-individual	\$1,000	19,300	46.9	80,783	27.1
Declaration estimated taxes	\$1,000	8,743	24.1	27,327	-28.9
Payment with returns	\$1,000	2,342	63.9	15,217	(4/)
Withholding tax on wages	\$1,000	17,474	-5.0	69,873	13.0
Refunds	\$1,000	-9,259	-32.6	-31,635	-4.5
Transient accommodations tax	\$1,000	6,860	5.0	26,114	-28.7
Visitors days by air	Days	4,814,618	4.2	17,370,749	4.3
Domestic visitor days	Days	4,198,664	2.5	15,800,911	4.8
International visitor days	Days	615,954	16.8	1,569,838	-0.4
Visitor arrivals by air 3/	Persons	596,824	4.5	2,306,524	4.5
Domestic flight visitors	Persons	511,427	3.4	2,043,118	5.4
International flight visitors	Persons	85,397	12.0	263,407	-2.5
Hotel occupancy rates 2/ 3/	%	83.1	-0.4	79.6	1.8

1/ Labor force and jobs are Hawaii DLIR monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Data represent Maui Island only.

4/ Percentage calculations involving negative values not meaningful.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation;
Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.

Table 5. 2006 QUARTERLY ECONOMIC INDICATORS: KAUAI COUNTY

SERIES	UNIT	1st QUARTER 2006		2005	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	33,000	3.9	32,350	2.4
Civilian employed	Persons	32,200	4.4	31,450	2.9
Civilian unemployed	Persons	750	-16.7	900	-14.3
Unemployment rate 2/	%	2.4	-0.4	2.7	-0.7
Total wage and salary jobs	Jobs	(2/)	(2/)	29,650	3.1
Total non-agriculture wage and salary jobs	Jobs	(2/)	(2/)	28,900	3.0
Nat. Resources, Mining, Constr.	Jobs	(2/)	(2/)	1,450	7.4
Manufacturing	Jobs	(2/)	(2/)	400	0.0
Wholesale Trade	Jobs	(2/)	(2/)	500	11.1
Retail Trade	Jobs	(2/)	(2/)	4,050	0.0
Transp., Warehousing, Util.	Jobs	(2/)	(2/)	1,550	0.0
Information	Jobs	(2/)	(2/)	300	20.0
Financial Activities	Jobs	(2/)	(2/)	1,200	4.3
Professional & Business Services	Jobs	(2/)	(2/)	3,500	11.1
Educational Services	Jobs	(2/)	(2/)	200	0.0
Health Care & Social Assistance	Jobs	(2/)	(2/)	2,200	2.3
Arts, Entertainment & Recreation	Jobs	(2/)	(2/)	1,050	5.0
Accommodation	Jobs	(2/)	(2/)	4,100	2.5
Food Services & Drinking Places	Jobs	(2/)	(2/)	3,450	1.5
Other Services	Jobs	(2/)	(2/)	800	6.7
Government	Jobs	(2/)	(2/)	4,200	0.0
Federal	Jobs	(2/)	(2/)	500	0.0
State	Jobs	(2/)	(2/)	2,550	0.0
Local	Jobs	(2/)	(2/)	1,150	4.5
Agriculture wage and salary jobs	Jobs	(2/)	(2/)	750	7.1
General excise and use tax revenues	\$1,000	15,362	-21.8	67,020	12.9
Income-individual	\$1,000	7,018	41.0	38,910	53.1
Declaration estimated taxes	\$1,000	3,339	50.7	14,394	19.1
Payment with returns	\$1,000	805	51.4	6,765	240.8
Withholding tax on wages	\$1,000	6,971	1.5	29,167	31.1
Refunds	\$1,000	-4,097	-11.7	11,417	4.6
Transient accommodations tax	\$1,000	3,348	-46.2	14,767	38.0
Visitors days by air	Days	1,829,295	4.4	7,182,404	4.0
Domestic visitor days	Days	1,680,627	3.0	6,840,263	6.8
International visitor days	Days	148,669	22.0	342,141	-31.7
Visitor arrivals by air	Persons	269,457	8.8	1,088,601	6.6
Domestic flight visitors	Persons	237,005	7.2	994,534	9.8
International flight visitors	Persons	32,452	22.1	94,067	-18.1
Hotel occupancy rates 2/	%	74.3	-4.1	76.7	-1.6

1/ Labor force and jobs are Hawaii DLIR monthly and annual data. Quarterly averages computed by the Hawaii DBEDT.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii State Department of Business, Economic Development, & Tourism and Hospitality Advisors, LLC.

A. LABOR FORCE AND JOBS

Hawaii's civilian labor force, employment, and wage and salary jobs continued to show phenomenal gains in the first quarter of 2006, each increasing more than 3.0 percent from the first quarter of 2005. All private sector industries, except for agriculture, showed positive job growth in the first quarter of 2006. The Natural Resources Construction & Mining sector continued to lead growth in Hawaii.

In the first quarter of 2006, total civilian labor force increased by 3.2 percent from the first quarter of 2005 to 645,400. In 2005, labor force was up 2.5 percent from 2004 (Tables 1 and A-1). This increase was the first time since 1996 that the labor force grew by more than 1 percent for the year.

During the first quarter of 2006, 630,400 people were employed in Hawaii, an increase of 22,300 people or 3.7 percent higher than that in the first quarter of 2005 (Tables 1 and A-2). In 2005, employment increased 3.0 percent from 2004, the highest annual employment growth since 1990.

The number of civilian unemployed totaled 14,950 in the first quarter of 2006, which is a 13.1 percent decrease from the first quarter of 2005. In 2005, the number of people unemployed in Hawaii averaged 17,750 or 12.3 percent lower than that for 2004 (Table A-3).

In the first quarter of 2006, Hawaii unemployment rate (not seasonally adjusted) averaged 2.3 percent compared to the 2.7 percent rate in the first quarter of 2005. This is the sixth straight quarter that Hawaii's unemployment rate has been at or below 3.0 percent and the lowest since the fourth quarter of 1990 (Table A-4). In March 2006, at 2.5 percent, Hawaii had the lowest unemployment rate in the nation,

according to the U.S. Bureau of Labor Statistics. In 2005, the Hawaii unemployment rate averaged 2.8 percent, as compared to 3.3 percent in 2004.

In the first quarter of 2006, Hawaii's civilian wage and salary jobs totaled 618,950, an increase of 3.3 percent or 19,950 jobs over the first quarter of 2005. In 2005, Hawaii economy had added 3.1 percent or 18,250 more wage and salary jobs than it had in 2004 (Table A-5).

In first quarter of 2006, Natural Resources, Mining and Construction sector added the most jobs - an increase of 4,050 jobs or 13.0 percent (Table A-7) as compared to the first quarter of 2005. Professional and Business Services had the next greatest increase of 3,300 jobs or 4.6 percent (Table A-14). Visitor-related industries also did well, with Transportation, Warehousing, and Utilities adding 3050 jobs or 10.3 percent (Table A-11), Retail Trade 2,750 jobs or 4.0 percent (Table A-10), and Food Services and Drinking Places 1,500 jobs or 2.7 percent (Table A-19), and. With an increase of 1,150 jobs or 2.1 percent (Table A-16), Health Care and Social Assistance rounds out the list of the sectors with the highest job growth in the first quarter of 2006.

In the first quarter of 2006, Agriculture lost 11.3 percent or 800 wage and salary jobs (Table A-24) compared with the first quarter of 2005. After registering decline for all four quarters of 2005, Manufacturing jobs (Table A-8) seemed to have stabilized in the first quarter of 2006 - at 0.3 percent growth.

In the first quarter of 2006, Federal government and Local government jobs increased by 1.1 percent and 2.1 percent, respectively, while State government jobs decreased by 0.4 percent, with a net gain of 0.3 percent or 400 jobs in the government sector (Tables 1 and A-21 to A-23).

Table A-5. TOTAL WAGE AND SALARY JOBS

<i>Year</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Annual Average</i>
Not Seasonally Adjusted Data. Number of Jobs					
1990	528,900	537,950	536,300	548,800	537,950
1991	546,700	546,650	546,200	555,150	548,650
1992	552,300	554,050	548,400	553,700	552,100
1993	548,800	551,800	540,900	547,950	547,350
1994	543,300	546,050	538,950	548,150	544,100
1995	543,100	543,250	533,400	540,900	540,200
1996	538,450	538,600	533,500	541,900	538,100
1997	539,700	540,250	533,950	541,250	538,800
1998	537,050	540,350	535,700	542,250	538,850
1999	535,300	542,000	540,650	552,950	542,700
2000	550,200	559,950	557,500	569,250	559,300
2001	562,300	566,000	561,550	559,600	562,350
2002	555,700	563,850	562,150	574,150	563,950
2003	571,150	573,650	571,200	583,000	574,750
2004 1/	580,800	588,950	588,550	604,400	590,650
2005 1/	599,000	608,100	606,750	621,750	608,900
2006	618,950	(NA)	(NA)	(NA)	(NA)
Percentage Change from the Same Period in Previous Year					
1991	3.4	1.6	1.8	1.2	2.0
1992	1.0	1.4	0.4	-0.3	0.6
1993	-0.6	-0.4	-1.4	-1.0	-0.9
1994	-1.0	-1.0	-0.4	0.0	-0.6
1995	0.0	-0.5	-1.0	-1.3	-0.7
1996	-0.9	-0.9	0.0	0.2	-0.4
1997	0.2	0.3	0.1	-0.1	0.1
1998	-0.5	0.0	0.3	0.2	0.0
1999	-0.3	0.3	0.9	2.0	0.7
2000	2.8	3.3	3.1	2.9	3.1
2001	2.2	1.1	0.7	-1.7	0.5
2002	-1.2	-0.4	0.1	2.6	0.3
2003	2.8	1.7	1.6	1.5	1.9
2004 1/	1.7	2.7	3.0	3.7	2.8
2005 1/	3.1	3.3	3.1	2.9	3.1
2006	3.3	(NA)	(NA)	(NA)	(NA)

NA Not available.

1/ Monthly and annual data have been benchmarked by Hawaii DLIR.

Source: Hawaii State Department of Labor & Industrial Relations. Quarterly averages computed by the Hawaii State Department of Business, Economic Development & Tourism.

B. INCOME AND PRICES

Hawaii total personal income continued to rise during the fourth quarter of 2005 (the period for which the latest data are available from the U.S. Bureau of Economic Analysis), over the fourth quarter of 2004, albeit at a lower rate than in the previous three quarters. The greatest increase was seen in Proprietors' Income, followed by Supplements to Wages and Salaries, Personal Current Transfer Receipts, and Wage and Salary Disbursements. Contributions for Government Social Insurance, which is subtracted from personal income, also increased. The fourth quarter earnings increased for all sectors except for Management of Companies and Enterprises, Finance and Insurance, and Information (Table B-1).

Nominal personal income, not adjusted for inflation, rose \$2.4 billion or 5.6 percent in the fourth quarter of 2005 compared to the fourth quarter of 2004 (Tables B-1 and B-2). For the year, personal income was up 7.0 percent from 2004.

Wage and salary disbursements grew by \$1.4 billion or 5.5 percent in the fourth quarter of 2005. For the year, Wage and salary disbursements rose 7.2 percent (Table B-3). Wages and salaries accounted for 58 percent of total personal income.

Supplements to Wages and Salaries, consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits, increased by \$573 million or 8.5 percent for the fourth quarter of 2005 compared to the fourth quarter of 2004 (Table B-4). For the year, Supplements to Wages and Salaries were up 9.6 percent from 2004.

Proprietors' Income, the income most closely related to entrepreneurial activity, grew by \$335 million or 11.7 percent in the fourth

quarter of 2005 compared to the fourth quarter of 2004 (Table B-5). For the year, Proprietors' Income rose 10.9 percent.

Dividends, Interest, and Rent was essentially unchanged at \$6.6 billion in the fourth quarter of 2005, but it was up 1.8 percent for the year (Table B-6).

Personal Current Transfer Receipts, consisting largely of retirement and medical payments, grew by \$317 million or 5.9 percent in the fourth quarter of 2005 from the same quarter a year ago. For the year, Personal Current Transfer Receipts increased 5.9 percent (Table B-7).

Contributions to Government Social Insurance increased \$191 million or 5.5 percent for the fourth quarter of 2005 and 6.0 percent for the year (Table B-8).

Earnings increased across most private sectors in the fourth quarter of 2005, as well as for the year as a whole. In dollar terms, the largest increases occurred in Natural Resources, Mining and Construction, followed by Health and Social Assistance, Accommodations and Food Services, Professional and Technical Services, and Transportation and Warehousing. Earnings also increased in all government sectors (Table B-1).

Honolulu's inflation rate increased 4.5 percent in the second half of 2005. This was considerably higher than the 3.3 percent increase in the second half of 2004. The annual average for 2005 was up 3.8 percent (Table B-9). Honolulu's inflation was 0.7 percentage points higher than the U.S. average of 3.8 percent in the second half of 2005. The Honolulu increase was primarily due to a jump in the Housing and Transportation (mostly fuels) components, which increased by 7.2 and 5.7 percent, respectively.

Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES

[In millions of dollars at seasonally adjusted annual rates and percent As of QSER September 2003 , according to NAICS classification only]

Series	Fourth Quarter 2004	First Quarter 2005	Second Quarter 2005	Third Quarter 2005	Fourth Quarter 2005	Annual average 2004	Annual average 2005	Percentage change from		
								To Fourth Quarter 2005 From		Annual average
								Fourth Quarter 2004	Third Quarter 2005	2005 from 2004
PERSONAL INCOME	42,721	43,137	43,660	44,262	45,117	41,177	44,044	5.6	1.9	7.0
Earnings By Place of Work	34,277	34,919	35,305	35,913	36,540	33,021	35,669	6.6	1.7	8.0
Wage and salary disbursements	24,665	24,974	25,184	25,571	26,020	23,719	25,437	5.5	1.8	7.2
Supplements to wages and salaries	6,751	6,987	7,074	7,181	7,324	6,517	7,142	8.5	2.0	9.6
Emp'er contrib. for emp'ee pension & ins. funds	5,046	5,246	5,324	5,412	5,526	4,837	5,377	9.5	2.1	11.2
Employer contributions for gov't social ins.	1,705	1,741	1,750	1,770	1,798	1,680	1,765	5.5	1.6	5.0
Proprietors' income	2,861	2,958	3,048	3,160	3,196	2,786	3,091	11.7	1.1	10.9
Farm proprietors' income	8	32	5	20	40	11	24	400.0	100.0	115.6
Nonfarm proprietors' income	2,853	2,926	3,043	3,140	3,157	2,774	3,067	10.7	0.5	10.5
Dividends, interest, and rent	6,562	6,266	6,344	6,392	6,570	6,279	6,393	0.1	2.8	1.8
Personal current transfer receipts	5,359	5,503	5,582	5,570	5,676	5,272	5,583	5.9	1.9	5.9
State unemployment insurance benefits	96	82	78	82	78	113	80	-18.8	-4.9	-29.4
Personal current transfer receipts exc State U.I.	5,263	5,421	5,504	5,488	5,598	5,159	5,503	6.4	2.0	6.7
Less: Contributions for gov't social insurance	3,477	3,552	3,571	3,613	3,668	3,396	3,601	5.5	1.5	6.0
Personal contributions for gov't social insurance	1,773	1,811	1,822	1,843	1,870	1,717	1,837	5.5	1.5	7.0
Employer contributions for gov't social insurance	1,705	1,741	1,750	1,770	1,798	1,680	1,765	5.5	1.6	5.0
Earnings By Industry	34,277	34,919	35,305	35,913	36,540	33,021	35,669	6.6	1.7	8.0
Farm Earnings	235	263	237	255	276	223	258	17.4	8.2	15.7
Nonfarm Earnings	34,042	34,656	35,068	35,658	36,264	32,799	35,412	6.5	1.7	8.0
Private earnings	23,599	23,869	24,254	24,839	25,339	22,504	24,575	7.4	2.0	9.2
Forestry, fishing, related activities, and other 6/	57	57	60	56	57	58	58	0.0	1.8	-0.9
Mining	41	40	38	40	41	36	40	0.0	2.5	11.2
Utilities	282	284	302	297	296	274	295	5.0	-0.3	7.5
Construction	2,429	2,520	2,684	2,838	3,011	2,237	2,763	24.0	6.1	23.5
Manufacturing	825	831	838	834	845	803	837	2.4	1.3	4.3
Durable goods	297	304	309	307	313	285	308	5.4	2.0	8.3
Nondurable goods	528	527	529	527	532	518	529	0.8	0.9	2.2
Wholesale trade	1,010	1,018	1,027	1,027	1,053	971	1,031	4.3	2.5	6.2
Retail trade	2,323	2,355	2,401	2,427	2,469	2,229	2,413	6.3	1.7	8.3
Transportation and warehousing	1,376	1,417	1,468	1,514	1,564	1,314	1,491	13.7	3.3	13.5
Information	723	699	694	703	717	692	703	-0.8	2.0	1.6
Finance and insurance	1,269	1,245	1,204	1,220	1,237	1,201	1,227	-2.5	1.4	2.2
Real estate and rental and leasing	1,163	1,151	1,220	1,305	1,236	1,130	1,228	6.3	-5.3	8.7
Professional and technical services	1,944	2,004	2,044	2,082	2,139	1,882	2,067	10.0	2.7	9.8
Management of companies and enterprises	905	734	660	551	568	693	628	-37.2	3.1	-9.3
Administrative and waste services	1,380	1,430	1,488	1,533	1,561	1,354	1,503	13.1	1.8	11.0
Educational services	472	482	490	492	503	459	492	6.6	2.2	7.1
Health care and social assistance	2,951	3,028	3,073	3,201	3,240	2,860	3,136	9.8	1.2	9.6
Arts, entertainment, and recreation	468	483	472	489	492	448	484	5.1	0.6	8.2
Accommodation and food services	2,892	2,967	2,946	3,079	3,142	2,806	3,034	8.6	2.0	8.1
Other services, except public administration	1,090	1,123	1,145	1,152	1,169	1,061	1,147	7.2	1.5	8.2
Government and government enterprises	10,443	10,788	10,814	10,819	10,924	10,294	10,836	4.6	1.0	5.3
Federal	6,316	6,565	6,555	6,529	6,590	6,244	6,560	4.3	0.9	5.1
Federal, civilian	2,558	2,611	2,633	2,655	2,695	2,560	2,649	5.4	1.5	3.5
Military	3,758	3,954	3,922	3,874	3,895	3,684	3,911	3.6	0.5	6.2
State and local	4,127	4,222	4,260	4,290	4,335	4,051	4,277	5.0	1.0	5.6

Source data for 2002Q1 through 2005Q3 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income, March 28, 2006

<<http://www.bea.doc.gov/bea/regional/sqpi/>>.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,
ALL URBAN CONSUMERS (CPI-U)**
[1982-84=100. Data are not seasonally adjusted]

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1990	130.7	138.1	137.8	141.5	107.0	131.1	154.2	(NA)	(NA)	160.4
1991	136.2	148.0	145.9	152.8	110.5	139.3	171.3	(NA)	(NA)	175.7
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
2001	177.1	178.4	169.5	179.1	101.0	174.5	2/	101.6	104.6	289.3
2002	179.9	180.3	171.9	181.2	102.6	170.9	2/	99.5	107.8	302.2
2003	184.0	184.5	174.9	186.2	98.5	176.4	2/	100.4	112.5	307.6
2004	188.9	190.6	180.2	194.3	101.2	182.4	275.9	102.3	113.5	312.4
2005	195.3	197.8	185.9	205.2	102.5	191.6	2/	97.8	114.3	321.0
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
2001H1	176.6	178.1	168.3	178.8	99.7	176.0	246.1	102.1	103.5	287.5
H2	177.5	178.7	170.7	179.3	102.3	173.0	2/	101.1	105.8	291.1
2002H1	178.9	180.1	172.3	180.5	106.2	171.7	2/	99.9	106.9	299.1
H2	180.9	180.4	171.6	181.9	99.1	170.1	266.5	99.2	108.7	305.3
2003H1	183.3	183.2	173.7	184.7	99.2	175.2	2/	99.3	111.1	307.0
H2	184.6	185.7	176.0	187.7	97.8	177.7	2/	101.5	113.8	308.2
2004H1	187.6	189.2	179.5	192.2	102.6	180.2	274.8	102.6	113.5	309.6
H2	190.2	191.9	180.9	196.3	99.9	184.6	277.0	102.0	113.6	315.2
2005H1	193.2	195.0	184.7	199.9	104.9	188.2	2/	98.5	115.8	318.6
H2	197.4	200.6	187.1	210.5	100.0	195.1	2/	97.0	112.8	323.3

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ No data were available or data did not meet U.S. Bureau of Labor Statistics' publication criteria.

Source: U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (Current Series)

<<http://data.bls.gov/cgi-bin/dsdrv>> and BLS Honolulu CPI News Releases and <<http://www.bls.gov/ro9/cpihono.htm>> accessed February 22, 2006.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,
ALL URBAN CONSUMERS (CPI-U) - Con.**

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
Percentage Change from the Same Period in Previous Year										
1991	4.2	7.2	5.9	8.0	3.3	6.3	11.1	(NA)	(NA)	9.5
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	3.0	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
2001	2.8	1.2	2.9	0.7	-2.4	2.9	2/	-1.2	-1.8	3.4
2002	1.6	1.1	1.4	1.2	1.6	-2.1	2/	-2.1	3.1	4.5
2003	2.3	2.3	1.7	2.8	-4.0	3.2	2/	0.9	4.4	1.8
2004	2.7	3.3	3.0	4.4	2.7	3.4	2/	1.9	0.9	1.6
2005	3.4	3.8	3.2	5.6	1.3	5.0	2/	-4.4	0.7	2.8
1995H1	2.9	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.6	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7
2001H1	3.4	1.3	1.7	0.8	-4.6	4.9	4.3	-1.0	-3.5	3.6
H2	2.2	1.1	4.0	0.4	-0.3	0.9	2/	-1.5	0.2	3.3
2002H1	1.3	1.1	2.4	1.0	6.5	-2.4	2/	-2.2	3.3	4.0
H2	1.9	1.0	0.5	1.5	-3.1	-1.7	2/	-1.9	2.7	4.9
2003H1	2.5	1.7	0.8	2.3	-6.6	2.0	2/	-0.6	3.9	2.6
H2	2.0	2.9	2.6	3.2	-1.3	4.5	2/	2.3	4.7	0.9
2004H1	2.3	3.3	3.3	4.1	3.4	2.9	2/	3.3	2.2	0.8
H2	3.0	3.3	2.8	4.6	2.1	3.9	2/	0.5	-0.2	2.3
2005H1	3.0	3.1	2.9	4.0	2.2	4.4	2/	-4.0	2.0	2.9
H2	3.8	4.5	3.4	7.2	0.1	5.7	2/	-4.9	-0.7	2.6

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ No data were available or data did not meet U.S. Bureau of Labor Statistics' publication criteria.

Source: U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (Current Series) <<http://data.bls.gov/cgi-bin/dsrv>> and BLS Honolulu CPI News Releases and <<http://www.bls.gov/ro9/cpihono.htm>> accessed February 22, 2006

C. TAX REVENUES

State general fund tax revenues continued to grow in the first quarter of 2006, but at a significantly lower rate than in the previous eight quarters.¹ The slower growth in Individual Income Tax and the decline in Net Corporate Income Tax contributed to a lower growth in state general fund revenues despite healthy increases in General Excise and Use Tax (GET) and the Transient Accommodations Tax (TAT).

For the first quarter of 2006, total tax collections distributed to the State general fund totaled more than \$1.1 billion (Tables C-1 and C-2). This is \$51.7 million or a 4.9 percent increase over the first quarter of 2005. In 2005, State general fund tax collections were up about \$600 million or 16.4 percent from 2004.

During the first quarter of 2006, GET revenues were up \$58.7 million or 10.1 percent over the first quarter of 2005 (Tables C-1 and C-3). For 2005-over-2004, GET collections increased by about \$272 million or 13.7 percent.

Net Individual Income Tax collections increased by \$17.1 million or 5.1 percent in the first quarter of 2006 over the same period a year ago (Table C-4). This increase was the result of gains in Declaration of Estimated Taxes and Payments with Returns and decline in Refunds offset by a decline in Withholding Tax on Wages. Declaration

of Estimated Taxes increased 14.2 percent or \$12 million (Table C-5) and Payments with Returns increased by 51.0 percent or \$9.1 million (Table C-6). Refunds were down 26.6 percent or \$30.2 million (Table C-8). Withholding Tax on Wages was down 9.8 percent or \$34.1 million (Table C-7).

In 2005, Net Individual Income Tax collections were up 17.2 percent or \$212.0 million from 2004.

Net Corporate Income Tax revenues were down 89.3 percent or \$11.1 million in the first quarter of 2006 compared to the first quarter of 2005 (Table C-9). This decrease in Net Corporate Income Taxes was due to a 56.5 percent decrease in Declaration of Estimated Taxes (Table C-10), somewhat offset by a 36.6 decrease in Corporate Refunds (Table C-12).

Net Corporate Income Tax collections in 2005 were up 76.4 percent or \$57.4 million from 2004. It should be noted that net corporate income tax revenues are historically subject to wide fluctuations.

TAT revenues were up more \$5.1 million or 9.4 percent in the first quarter of 2006 compared to the first quarter of 2005 (Table C-13). In 2005, TAT collections increased by \$17.5 million or 9.2 percent compared to 2004.

¹ When interpreting tax figures in conjunction with other quarterly data in this report, it should be kept in mind that the tax data represent collections during the quarter. The transactions on which the taxes were paid did not necessarily take place during the quarter.

Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS

<i>Year</i>	<i>General Excise and Use Tax</i>	<i>Net Individual Income Tax 1/</i>	<i>Net Corporate Income Tax 2/</i>	<i>Tax Revenues Distributed to State General Fund</i>
In Thousands of Dollars				
1990	1,250,203	743,114	86,269	2,246,752
1991 3/	1,287,819	900,962	70,568	2,397,289
1992	1,299,814	922,206	42,737	2,523,670
1993	1,308,797	951,405	22,239	2,555,912
1994	1,347,945	1,003,480	34,228	2,672,291
1995	1,386,684	918,811	37,336	2,614,713
1996	1,469,766	995,456	51,243	2,799,972
1997	1,433,012	985,000	55,594	2,756,621
1998	1,436,654	1,093,241	50,112	2,889,291
1999	1,454,731	1,053,858	47,692	2,841,290
2000	1,611,446	1,080,371	67,650	3,067,622
2001	1,660,764	1,100,317	48,269	3,172,251
2002	1,679,840	1,093,833	55,373	3,116,029
2003	1,820,498	1,071,360	5,189	3,211,431
2004	1,991,539	1,235,721	75,171	3,652,687
2005	2,263,393	1,447,744	132,589	4,252,231
2002 1 Qtr.	395,795	266,388	18,655	761,922
2 Qtr.	400,462	269,382	25,751	757,798
3 Qtr.	473,241	286,166	4,267	820,290
4 Qtr.	410,341	271,897	6,700	776,019
2003 1 Qtr.	455,018	254,081	-25,417	772,047
2 Qtr.	454,098	245,799	22,712	813,686
3 Qtr.	473,268	274,363	8,154	819,182
4 Qtr.	438,113	297,117	-260	806,515
2004 1 Qtr.	506,097	261,760	12,022	874,018
2 Qtr.	482,899	335,713	36,737	946,670
3 Qtr.	519,129	325,902	15,156	946,218
4 Qtr.	483,415	312,346	11,257	885,781
2005 1 Qtr.	579,475	338,591	12,413	1,054,797
3/ 2 Qtr.	554,585	404,642	46,779	1,110,743
3 Qtr.	579,607	361,900	67,092	1,099,688
4 Qtr.	549,727	342,612	6,305	987,002
2006 1 Qtr.	638,194	355,719	1,330	1,106,472
Percentage Change from the Same Period in Previous Year				
1991	3.0	21.2	-18.2	6.7
1992	0.9	2.4	-39.4	5.3
1993	0.7	3.2	-48.0	1.3
1994	3.0	5.5	53.9	4.6
1995	2.9	-8.4	9.1	-2.2
1996	6.0	8.3	37.2	7.1
1997	-2.5	-1.1	8.5	-1.5
1998	0.3	11.0	-9.9	4.8
1999	1.3	-3.6	-4.8	-1.7
2000	10.8	2.5	41.8	8.0
2001	3.1	1.8	-28.6	3.4
2002 3/	1.1	-0.6	14.7	-1.8
2003	8.4	-2.1	-90.6	3.1
2004	9.4	15.3	1,348.7	13.7
2005	13.7	17.2	76.4	16.4
2003 1 Qtr.	15.0	-4.6	(4/)	1.3
3/ 2 Qtr.	13.4	-8.8	-11.8	7.4
3/ 3 Qtr.	0.0	-4.1	91.1	-0.1
4 Qtr.	6.8	9.3	(4/)	3.9
2004 1 Qtr.	11.2	3.0	(4/)	13.2
2 Qtr.	6.3	36.6	61.8	16.3
3 Qtr.	9.7	18.8	85.9	15.5
4 Qtr.	10.3	5.1	(4/)	9.8
2005 1 Qtr.	14.5	29.4	3.2	20.7
2 Qtr.	14.8	20.5	27.3	17.3
3 Qtr.	11.6	11.0	342.7	16.2
4 Qtr.	13.7	9.7	-44.0	11.4
2006 1 Qtr.	10.1	5.1	-89.3	4.9

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

Individual income tax rates changed effective January 1, 1999, 2001 and 2002.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

3/ Net Individual Income Tax revised

4/ Not meaningful

Source: Hawaii State Department of Taxation.

D. TOURISM

After positive growth for 10 quarters in a row, the total number of visitors arriving by air was down in the first quarter of 2006 as compared to the first quarter of 2005. Longer average stays by visitors, however, caused the average total daily visitor census to increase, albeit at a much lower rate than that seen in the previous quarters.. For the first quarter of 2006, hotel occupancy rates were also down compared to the same period last year.

The total number of visitors arriving by air to Hawaii declined 0.5 percent in the first quarter of 2006 compared to the first quarter of 2005 (Tables D-1 and D-2). This is a decrease of about 8,300 visitors compared with the first quarter of 2005. In 2005, the total arrivals by air reached nearly 7.4 million visitors, 6.4 percent or about 441,000 more visitors than in 2004.

After growing at impressive rates of 9.2 percent and 3.9 percent over 2004 and 2005, respectively, the number of travelers arriving on international flights decreased 2.7 percent in the first quarter of 2006 from that of 2005 (Table D-4). Arrivals on domestic flights were up just 0.5 percent for the first quarter of 2006 as compared to the same quarter last year, much lower than the 8.0 percent and 7.4 percent annual growth for the previous two years (Table D-3). The slower growth in domestic travel is largely due to the shift in Easter from March to April in 2006.

Considering the different major market areas, between the first quarters of 2005 and 2006, arrivals from the U.S. West and U.S. East were up 0.2 percent

and 0.9 percent, respectively (Tables D-5 and D-6), while arrivals from Japan declined 7.5 percent (Table D-7). Thus, the first quarter decline in international arrivals was largely a result from a decline in Japanese arrivals. In 2005, arrivals from U.S. West, U.S. East, and Japan increased 7.9 percent, 5.6 percent, and 2.7 percent, respectively.

The total average daily visitor census was up just 0.2 percent (or just 350 visitors per day) in the first quarter of 2006 over the first quarter of 2005 (Table D-8). A 1.3 percent decline in international daily census combined with a much lower growth, of 0.6 percent, in domestic daily census resulted in that small growth in total daily census (Tables D-9 and D-10).

Airline capacity, as measured by the number of available seats flown to Hawaii, was down 0.6 percent in the first quarter of 2006 (Table D-11). This decline in capacity was produced mainly by a 1.9 percent decline in international capacity (Table D-13). Domestic capacity showed little change from the year-ago quarter (Table D-12).

In the first quarter of 2006, statewide hotel occupancy rate declined slightly to 83.2 percent from 83.6 percent in the first quarter of 2005 (Table D-14). Nonetheless, the occupancy rate remained at the highest level since 1990.

Readers interested in visitor statistics on a monthly basis can find them at: <http://www.hawaii.gov/dbedt/info/visitor-stats/tourism> and those interested in daily passenger arrival data can find them at: http://www.hawaii.gov/dbedt/info/economic/data_reports/special/

Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR

Year	Visitor Arrivals 1/			Average Daily Visitor Census		
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000	6,948,595	4,446,936	2,501,659	168,637	123,441	45,196
2001	6,303,790	4,224,321	2,079,469	158,247	118,106	40,141
2002	6,389,058	4,358,850	2,030,208	160,195	121,029	39,165
2003	6,380,439	4,531,289	1,849,150	161,048	123,389	37,659
2004	6,912,094	4,892,960	2,019,134	171,481	132,355	39,126
2005 2/	7,353,158	5,255,098	2,098,060	183,080	142,833	40,247
2001 1 Qtr.	1,715,088	1,079,787	635,301	176,954	126,606	50,348
2 Qtr.	1,673,990	1,129,578	544,413	159,596	120,781	38,816
3 Qtr.	1,647,050	1,091,324	555,726	162,674	119,887	42,787
4 Qtr.	1,267,662	923,632	344,030	134,185	105,365	28,821
2002 1 Qtr.	1,537,635	1,042,843	494,792	162,745	122,622	40,124
2 Qtr.	1,583,029	1,115,788	467,241	153,178	119,430	33,749
3 Qtr.	1,694,239	1,170,113	524,126	167,584	126,274	41,310
4 Qtr.	1,574,155	1,030,106	544,049	157,250	115,809	41,441
2003 1 Qtr.	1,562,878	1,049,338	513,540	163,475	118,887	44,588
2 Qtr.	1,501,363	1,168,919	332,444	150,775	123,760	27,016
3 Qtr.	1,719,130	1,234,881	484,249	171,357	131,942	39,415
4 Qtr.	1,597,067	1,078,150	518,917	158,528	118,875	39,654
2004 1 Qtr.	1,639,213	1,138,607	500,606	173,384	129,662	43,722
2 Qtr.	1,712,588	1,252,707	459,881	164,897	131,766	33,132
3 Qtr.	1,852,939	1,318,363	534,576	180,936	140,130	40,806
4 Qtr.	1,707,354	1,183,283	524,071	168,540	129,234	39,306
2/2005 1 Qtr.	1,810,385	1,268,988	541,397	190,981	145,811	45,170
3/ 2 Qtr.	1,750,457	1,272,813	477,644	168,097	134,398	33,699
3/ 3 Qtr.	1,988,064	1,444,411	543,653	194,558	153,006	41,552
3/ 4 Qtr.	1,804,252	1,268,886	535,366	178,692	138,090	40,602
3/2006 1 Qtr.	1,802,097	1,275,237	526,860	191,331	146,737	44,594
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
2000	3.1	4.5	0.7	2.6	4.6	-2.7
2001	-9.3	-5.0	-16.9	-6.2	-4.3	-11.2
2002	1.4	3.2	-2.4	1.2	2.5	-2.4
2003	-0.1	4.0	-8.9	0.5	1.9	-3.8
2004	8.3	8.0	9.2	6.5	7.3	3.9
2005 2/	6.4	7.4	3.9	6.8	7.9	2.9
2002 1 Qtr.	-10.3	-3.4	-22.1	4.6	-3.1	-20.3
2 Qtr.	-5.4	-1.2	-14.2	-4.0	-1.1	-13.1
3 Qtr.	2.9	7.2	-5.7	3.0	5.3	-3.5
4 Qtr.	24.2	11.5	58.1	17.2	9.9	43.8
2003 1 Qtr.	1.6	0.6	3.8	0.4	-3.0	11.1
2 Qtr.	-5.2	4.8	-28.8	-1.6	3.6	-20.0
3 Qtr.	1.5	5.5	-7.6	2.3	4.5	-4.6
4 Qtr.	1.5	4.7	-4.6	0.8	2.6	-4.3
2004 1 Qtr.	4.9	8.5	-2.5	6.1	9.1	-1.9
2 Qtr.	14.1	7.2	38.3	9.4	6.5	22.6
3 Qtr.	7.8	6.8	10.4	5.6	6.2	3.5
4 Qtr.	6.9	9.8	1.0	6.3	8.7	-0.9
2/2005 1 Qtr.	10.4	11.5	8.1	10.1	12.5	3.3
3/ 2 Qtr.	2.2	1.6	3.9	1.9	2.0	1.7
3/ 3 Qtr.	7.3	9.6	1.7	7.5	9.2	1.8
3/ 4 Qtr.	5.7	7.2	2.2	6.0	6.9	3.3
3/2006 1 Qtr.	-0.5	0.5	-2.7	0.2	0.6	-1.3

1/ Staying overnight or longer.

2/ Preliminary and Total and International revised.

3/ Preliminary.

Source: Hawaii State Department of Business, Economic Development & Tourism.

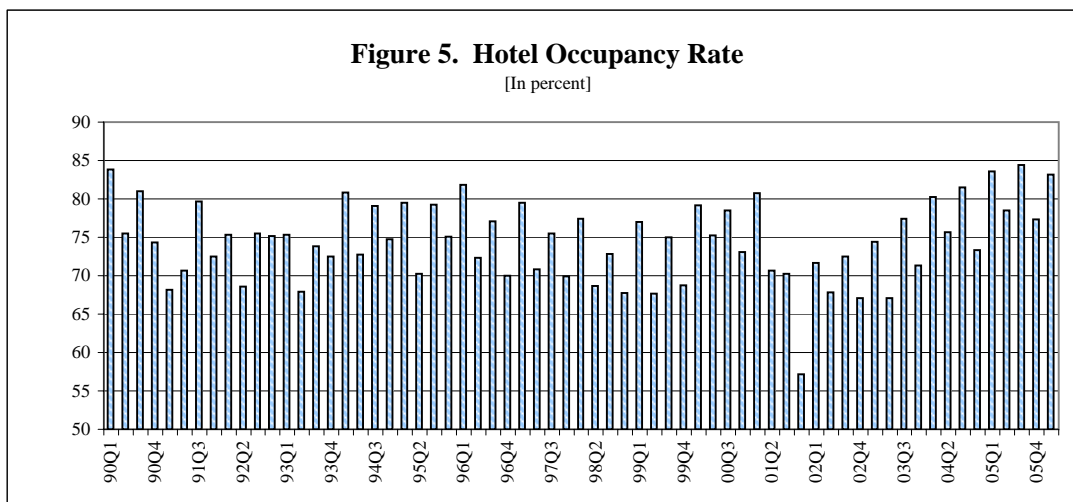
Table D-14. HOTEL OCCUPANCY RATE

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Average
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	67.7	71.5
1999	77.0	67.7	75.0	68.7	72.1
2000	79.2	75.2	78.5	73.1	76.0
2001	80.7	70.7	70.3	57.2	69.2
2002	71.7	67.9	72.5	67.1	69.7
2003	74.4	67.1	77.4	71.3	72.6
2004	80.2	75.7	81.5	73.4	77.7
2005 1/	83.6	78.5	84.4	77.3	81.2
2006	83.2	(NA)	(NA)	(NA)	(NA)

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and Hospitality Advisors LLC monthly averages from February 1995.

1/ Source revised 1st Quarter.

Source: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Hospitality Advisors LLC.



E. CONSTRUCTION

Hawaii's construction industry continued to perform well in the first quarter of 2006. In particular, construction jobs and housing prices continued to increase. Statewide private building authorizations were up, but the rate of expansion seemed to have decelerated compared to the last two quarters of 2005, perhaps signaling some slow down in the constructing activity ahead.

In first quarter of 2006, Natural Resources, Mining and Construction sector added the most jobs to the state economy, 13.0 percent or 4,050 more jobs compared to the first quarter of 2005 (Table 1 and Table A-7).

Total value of private building authorizations increased 9.6 percent for the first quarter of 2006 over 2005 (Tables E-1 and E-8). The value of residential permits was up 16.4 percent and that of commercial and industrial permits was up 25.5 percent, while the value of additions and alterations was down 5.7 percent. The first quarter increase in the value of residential permits (hence the total value of private permits) was much smaller than that observed in the last two quarters of 2005.

Counties showed a mixed performance in terms of the permit activity in the first quarter of 2006. Construction activity continued to remain strong in Maui and Hawaii counties, with the total value of building authorizations increasing 66.7 percent and 54.0 percent, respectively from the first quarter of 2005. After the strong third and fourth quarters of 2005, the value of total private authorizations for Honolulu was down 1.6 percent in the first quarter of 2006. Similarly, after the strong 2005, Kauai County saw a 71.0 percent

decline in the value of private building permits (Table E-8).

For the first quarter of 2006, the total value of Government contracts awarded was up 39.1 percent from the first quarter of 2005 (Table E-1). However, State Government Capital Improvement Project (CIP) expenditures for the first quarter were down 0.6 percent for the quarter. The largest share of CIP expenditure in the first quarter of 2006 was from General Obligation bond funds (44 percent), followed by Special funds (26 percent), and Federal funds (19 percent) (Table E-2).

After a strong 26.1 percent increase in 2005, single-family unit authorizations were down 2.1 percent (Table E-4) and multi-family unit authorizations were up 114.6 percent for the first quarter of 2006 from the same period a year ago (Table E-5).

The Honolulu Construction Cost Index for Single Family Residences rose 10.8 percent in the first quarter of 2006, over that of 2005 (Table E-6), while the comparable index for High-Rise Buildings rose 8.4 percent (Table E-7).

Honolulu's median sales prices for both single family and condominium residential resales continued to increase in the first quarter of 2006. The single-family median price was up 18.1 percent to \$625,000 (Table E-9) and the condominium median price was up 34.9 percent to \$309,000 (Table E-10) from the first quarter of 2005. However, the number of single-family and condominium resales were down 3.4 percent and 4.8 percent, respectively (Tables E-11 and E-12).

Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9.	683.1.	299.2.	242.9.	141.1.	391.6.
1983	1,353.4.	685.2.	296.2.	203.2.	185.9.	275.0.
1984	1,242.9.	581.5.	327.7.	104.0.	149.9.	388.7.
1985	1,367.7.	888.9.	500.1.	208.8.	180.1.	248.9.
1986	1,808.0.	1,025.2.	455.5.	267.4.	302.3.	422.7.
1987	2,003.1.	1,161.9.	507.0.	344.4.	310.5.	370.9.
1988	2,487.6.	1,546.5.	689.2.	541.2.	316.1.	665.0.
1989	3,112.8.	1,882.4.	910.7.	561.8.	409.9.	725.2.
1990	4,003.7.	2,101.8.	952.3.	698.0.	451.5.	825.5.
1991	4,334.1.	2,151.8.	1,192.0.	556.2.	403.7.	729.4.
1992	4,012.7.	1,751.9.	811.1.	532.3.	408.5.	1,159.1.
1993	3,803.6.	1,505.4.	742.1.	308.0.	455.3.	651.8.
1994	3,322.3.	1,612.9.	849.3.	370.3.	393.4.	693.0.
1995	3,133.5.	1,531.3.	745.5.	368.3.	417.5.	490.2.
1996	3,285.1.	1,117.8.	487.0.	252.8.	378.0.	885.5.
1997	2,944.4.	1,179.2.	542.5.	264.5.	372.2.	615.6.
1998	3,016.0.	1,054.3.	485.5.	205.6.	363.2.	685.5.
1999	2,991.2.	1,320.2.	628.8.	306.2.	385.3.	584.8.
2000 3/	3,613.5.	1,513.1.	800.1.	246.2.	466.7.	810.9.
2001	3,766.4.	1,585.7.	882.4.	329.1.	374.2.	715.7.
2002 4/	4,274.9.	1,772.0.	1,112.9.	254.2.	404.9.	768.3.
2003 4/	4,536.3.	2,352.7.	1,336.0.	507.9.	508.8.	633.4.
2004 4/	4,921.5.	2,726.5.	1,767.7.	303.3.	655.6.	1,384.6.
2005 4/	5,618.4.	3,491.9.	2,259.3.	433.5.	799.2.	725.1.
1998 1 Qtr.	757.1.	260.4.	118.2.	50.3.	91.9.	155.3.
2 Qtr.	706.3.	246.7.	121.3.	48.5.	76.9.	127.5.
3 Qtr.	793.6.	296.0.	123.5.	55.1.	117.3.	218.7.
4 Qtr.	759.0.	251.3.	122.6.	51.7.	77.0.	183.5.
1999 1 Qtr.	732.1.	342.9.	141.6.	125.0.	76.3.	177.3.
2 Qtr.	737.0.	314.3.	153.4.	72.4.	88.5.	104.6.
3 Qtr.	758.1.	314.1.	151.1.	63.9.	99.0.	147.1.
4 Qtr.	764.0.	348.9.	182.6.	45.0.	121.4.	155.8.
2000 1 Qtr.	877.6.	351.8.	203.3.	61.3.	87.3.	217.1.
2 Qtr.	869.1.	392.9.	194.9.	72.9.	125.1.	96.6.
3 Qtr.	894.9.	377.4.	204.1.	59.2.	114.2.	405.1.
3/ 4 Qtr.	971.8.	390.9.	197.9.	52.9.	140.1.	92.1.
2001 1 Qtr.	920.5.	362.5.	186.3.	96.6.	79.6.	178.0.
2 Qtr.	918.4.	423.6.	234.3.	77.9.	111.5.	175.7.
3 Qtr.	893.2.	421.0.	256.3.	68.3.	96.4.	113.1.
4 Qtr.	1,034.3.	378.6.	205.6.	86.3.	86.7.	248.9.
2002 4/ 1 Qtr.	913.7.	336.3.	191.7.	47.0.	97.6.	250.8.
4/ 2 Qtr.	1,025.0.	437.1.	276.9.	59.3.	100.9.	133.6.
4/ 3 Qtr.	1,213.7.	497.6.	346.6.	47.2.	103.8.	255.7.
4/ 4 Qtr.	1,122.5.	501.1.	297.7.	100.7.	102.6.	128.2.
2003 4/ 1 Qtr.	1,122.3.	655.1.	326.0.	217.9.	111.3.	168.3.
4/ 2 Qtr.	1,139.3.	708.2.	389.0.	155.7.	163.4.	86.0.
4/ 3 Qtr.	1,179.6.	531.0.	316.5.	87.9.	126.6.	228.3.
4/ 4 Qtr.	1,095.1.	458.4.	304.6.	46.4.	107.4.	150.8.
2004 4/ 1 Qtr.	1,143.3.	780.8.	542.5.	107.4.	130.8.	256.7.
4/ 2 Qtr.	1,126.0.	718.9.	440.5.	50.8.	227.6.	804.1.
4/ 3 Qtr.	1,345.9.	597.6.	366.0.	73.0.	158.6.	187.2.
4/ 4 Qtr.	1,306.3.	629.3.	418.7.	72.1.	138.5.	136.6.
2005 4/ 1 Qtr.	1,310.5.	706.5.	420.3.	48.7.	237.6.	213.6.
4/ 2 Qtr.	1,422.2.	728.5.	450.7.	103.4.	174.4.	105.5.
4/ 3 Qtr.	1,390.7.	1,050.5.	662.1.	220.1.	168.4.	314.4.
4/ 4 Qtr.	1,495.0.	1,006.4.	726.2.	61.3.	218.8.	91.5.
2006 4/ 1 Qtr.	(NA)	774.3.	489.1.	61.1.	224.0.	297.2.

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai County data for November consist of residential data only.

4/ Beginning with 2002 Kauai data available for residential only.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank *Building Industry* (various issues).

Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION, NEW PRIVATE BUILDING AUTHORIZATIONS, AND GOVERNMENT CONTRACTS AWARDED - Con.

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997 5/	-10.4	5.5	11.4	4.6	-1.5	-30.5
1998 5/	2.4	-10.6	-10.5	-22.3	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.1	38.7
2001	4.2	4.8	10.3	33.7	-19.8	-11.7
2002 4/	13.5	11.8	26.1	-22.8	8.2	7.3
2003 4/	6.1	32.8	20.0	99.8	25.7	-17.6
2004 4/	8.5	15.9	32.3	-40.3	28.9	118.6
2005 4/	14.2	28.1	27.8	42.9	21.9	-47.6
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.4
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.6
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	12.0	8.4	17.6	15.4	-40.9
2001 1 Qtr.	4.9	3.0	-8.3	57.6	-8.8	-18.0
2 Qtr.	5.7	7.8	20.2	6.9	-10.9	81.9
3 Qtr.	-0.2	11.5	25.6	15.4	-15.6	-72.1
4 Qtr.	6.4	-3.1	3.9	63.1	-38.1	170.2
2002 4/ 1 Qtr.	-0.7	-7.2	2.9	-51.3	22.6	40.9
4/ 2 Qtr.	11.6	3.2	18.2	-23.9	-9.5	-24.0
4/ 3 Qtr.	35.9	18.2	35.3	-30.9	7.7	126.1
4/ 4 Qtr.	8.5	32.4	44.8	16.7	18.3	-48.5
2003 4/ 1 Qtr.	22.8	94.8	70.1	363.6	14.0	-32.9
4/ 2 Qtr.	11.2	62.0	40.5	162.6	61.9	-35.6
4/ 3 Qtr.	-2.8	6.7	-8.7	86.2	22.0	-10.7
4/ 4 Qtr.	-2.4	-8.5	2.3	-53.9	4.7	17.6
2004 4/ 1 Qtr.	1.9	19.2	66.4	-50.7	17.5	52.5
4/ 2 Qtr.	-1.2	1.5	13.2	-67.4	39.3	835.0
4/ 3 Qtr.	14.1	12.5	15.6	-16.9	25.3	-18.0
4/ 4 Qtr.	19.3	37.3	37.5	55.3	29.0	-9.4
2005 4/ 1 Qtr.	14.6	-9.5	-22.5	-54.7	81.7	-16.8
4/ 2 Qtr.	26.3	1.3	2.3	103.5	-23.4	-86.9
4/ 3 Qtr.	3.3	75.8	80.9	201.5	6.2	68.0
4/ 4 Qtr.	14.4	59.9	73.4	-15.0	58.0	-33.0
2006 4/ 1 Qtr.	(NA)	9.6	16.4	25.5	-5.7	39.1

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

4/ 2002 Kauai data available for residential only.

5/ Total Private Authorizations and Commercial & Industrial have been revised.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank *Building Industry* (various issues).

F. OTHER INDICATORS

Following the national trend, the total number of bankruptcy filings more than doubled in the fourth quarter 2005 compared to the fourth quarter of 2004, increasing from 749 to 1,522. This was the third quarterly increase in a row in Hawaii bankruptcy filings after the thirteen quarters of decreases, and the highest number of filings since the fourth quarter of 1998. For the year, total bankruptcy filings increased 44.2 percent over that in 2004. This is the first annual increase since 1998.

A 116.5 percent increase in the number of Chapter 7 filings, the largest category, from 655 in the fourth quarter of 2004 to 1,418 in the fourth quarter of 2005 contributed to most of the increase in total filings. Anticipation of the stiffening of the bankruptcy law may have caused the filings to increase. Chapter 7 filings are intended to liquidate assets and discharge debt to provide the debtor with a fresh start. For the year, Chapter 7 filings were up 51.2 percent over 2004.

Chapter 11 filings saw a 50.0 percent decrease in the fourth quarter of both 2005 compared to the year-ago quarter. Chapter 11 filings involve the structuring of repayment plans for companies. Chapter 11 filings were down 30.4 percent for the year.

Chapter 13 filings increased from 88 to 101 or 14.8 percent in the fourth quarter of 2005 over that in 2004. Chapter 13 bankruptcy allows debtors to work out repayment arrangements with creditors. For the year, Chapter 13 filings were down 4.2 percent.

Total U.S. bankruptcy filings were up nearly 80 percent in the fourth quarter of 2005 compared with the fourth quarter of 2004. For the year, U.S. filings were up 30.5 percent from 2004.

For quarterly bankruptcy statistics, see: <http://www.uscourts.gov/bnkrpctstats/statistics.htm>.

Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)

